

No.CTS-78/2007/149

Dated Dispur, the 3rd July/2008

Sub: Clarification on taxability of cushion compound, cushion gum and rubber solution under AVAT Act, 2003.

Extract of the Order

The headings in the Part-C of the Second Schedule of the Assam Value Added Tax Act, 2003 are mentioned as per the Central Excise act. The items cushion compound and cushion gum are specified under sub-heading No. 40029920 of main heading No. 40.02 and rubber solution is specified under sub-heading No. 400520 of main heading No. 40.05 of the Central Excise and Tariff Act, 1985. Therefore, these items should be taxable @4% as per entry at Sl. 157 and 159 respectively in Part-C of the Second Schedule of the AVAT Act, 2003.

Again, these items are used for purpose of retreading of tyres. The rate of tax on these items is 4% if these items are used for retreading of tyres already owned by the purchaser. However, if the dealer sells retreaded tyres using these items, then the rate of retreaded tyres will be that is applicable to tyres i.e.12.5%.

Sd/-(Sanjay Lohiya)
Commissioner of Taxes, Assam
Guwahati-6